

Introduced by Senator Alquist

January 26, 2010

An act to add Division 114 (commencing with Section 135000) to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as introduced, Alquist. California Health Insurance Exchange.

Existing law does not provide a system of health care coverage for all California residents. Existing law provides for the creation of various programs to provide health care coverage to persons who have limited incomes and meet various eligibility requirements. These programs include the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, and the Medi-Cal program, administered by the State Department of Health Care Services and county welfare departments. Existing law provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and for the regulation of health insurers by the Department of Insurance. Existing law creates the California Health and Human Services Agency, which consists of various departments.

This bill would establish the California Health Insurance Exchange within the California Health and Human Services Agency. The bill would require the exchange to, among other things, provide, or make available, health care coverage through participating health plans, determine eligibility, enrollment, and disenrollment criteria and processes, authorize expenditures from the California Health Insurance Exchange Fund, which the bill would create in the State Treasury, and be governed by an unspecified board whose members would be appointed by the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 114 (commencing with Section 135000)
2 is added to the Health and Safety Code, to read:

3
4 DIVISION 114. CALIFORNIA HEALTH INSURANCE
5 EXCHANGE
6

7 135000. (a) There is hereby established in the California Health
8 and Human Services Agency, the California Health Insurance
9 Exchange.

10 (b) For purposes of this division, “exchange” means the
11 California Health Insurance Exchange established by this section.

12 (c) The exchange shall do all of the following:

13 (1) Determine eligibility, enrollment, and disenrollment criteria
14 and processes for the exchange, consistent with federal law.

15 (2) Determine the participation requirements and the standards
16 and selection criteria for participating health plans, including
17 reasonable limits on a plan’s administrative costs.

18 (3) Enter into contracts, including selective provider contracts
19 with health plans.

20 (4) Negotiate rates paid to participating health plans.

21 (5) Provide, or make available, health care coverage through
22 participating health plans.

23 (6) Provide for the offering of one or more community benefit
24 plans, including, but not limited to, local initiative plans, county
25 organized health systems, joint ventures of local initiative plans
26 and county organized health systems, self-funded plans, and other
27 plans authorized by federal law.

28 (7) Provide for the processing of applications and the enrollment
29 and disenrollment of exchange enrollees, and the administration
30 of federal subsidies for exchange enrollees.

31 (8) Employ necessary staff.

32 (9) Authorize expenditures, as necessary, from the fund
33 established under Section 135005 to pay exchange expenses that
34 exceed enrollee contributions and to administer the exchange.

35 (10) Receive federal funds for administration of the exchange.

1 (11) Be governed by a board whose members are appointed by
2 the Legislature. This board shall hold public meetings on a
3 bimonthly basis.

4 135005. (a) The California Health Insurance Exchange Fund
5 is hereby created in the State Treasury as a special fund consisting
6 of revenue necessary for the purposes of this division. Any moneys
7 in the fund that are unexpended or unencumbered at the end of a
8 fiscal year may be carried forward to the next succeeding fiscal
9 year.

10 (b) The governing board of the exchange shall establish a
11 prudent reserve in the fund.

12 (c) Moneys in the fund shall, upon appropriation by the
13 Legislature, be used by the governing board of the exchange for
14 the purposes of this division.

15 (d) Notwithstanding Section 16305.7 of the Government Code,
16 all interest earned on the moneys that have been deposited into the
17 fund shall be retained in the fund.